

Business

THURSDAY, JULY 25, 2019

12 KIPCO completes its rights issue, raises KD 95.08 million in equity

13 Burgan Bank announces solid H1 2019 results; net income of KD 44.8 million

14 KFH key component of Kuwait 2035 vision, says Al-Nahedh



Ooredoo Kuwait reports revenue of KD 310 million for first half of 2019

Net profit up by 42% to KD 17.3 million in H1 2019

KUWAIT: National Mobile Telecommunications Company K.S.C.P "Ooredoo Kuwait" announced yesterday its financial results for the half year period ended 30 June 2019:

Financial highlights:

• Consolidated customer base increased by 2 percent to 26.7 million in H1 2019, compared to 26.1 million in H1 2018.

• In local currency terms Kuwait, Tunisia and Maldives recorded good growth in revenue. However, revenues in KD were impacted by a 21 percent depreciation of the Tunisian dinar and the decrease in Algeria revenue mainly due to the weak economic environment, currency devaluation and price competition. Consequently, consolidated revenue decreased by 9 percent to KD 310.4 million for H1 2019, compared to KD 341.4 million for the same period in 2018.

• EBITDA increased by 8 percent for H1 2019 to KD 115.9 million, compared to KD 107.6 million for the same period in 2018, supported by the implementation of IFRS 16, a new accounting standard and operational efficiencies.

• Net profit attributable to NMTC was KD 17.3 million for H1 2019, representing a strong growth of 42 percent compared with KD 12.2 million for the same period in 2018. Net Profit growth was supported by good performances by Ooredoo Kuwait and Ooredoo Tunisia.

• The consolidated earnings per share was 35 fils for H1 2019, compared to 24 fils per share earned for the same period last year.

Sheikh Saud Bin Nasser Al-Thani, Chairman of the Board of Directors commented:

"Ooredoo Kuwait (NMTC) continues on the path of digital transformation as we work towards our vision to enrich the digital lives of our customers. We are constantly adapting and refining our service offering to meet the evolving needs of our cus-



tomers. I am pleased to report a 42 percent increase in our Net Profit for the first half of 2019 and an increase of our customer base by 2 percent to 26.7 million in H1 2019 year on year. Overall, we reported a sound set of results with all of our operations, excluding Algeria, reporting an increase in EBITDA. Algeria was affected by economic instability, currency devaluation and intense price competition putting pressure on EBITDA during the period. Group EBITDA increased 8 percent during the first half of 2019, positively supported by the implementation of IFRS 16, which came into effect on January 2019.

Impacted by geopolitical and macroeconomic factors, as well as the currency depreciation in Algeria and Tunisia, our top line remains under pressure. During the first half of 2019 revenues declined by 9 percent due to the broader industry wide shift towards data from traditional voice and SMS services.

In Kuwait, EBITDA increased 48 percent during the first half of the year, driven by the realization of savings from our cost optimization program as well as the positive impact from the implementation of IFRS 16. In Tunisia, we increased our subscriber base by 5 percent and grew EBITDA to KD 26.8 million in the first half of 2019, despite the 21 percent year on year depreciation of the Tunisian dinar.

In Algeria we made good progress in preparing for a data centric future, by increasing the coverage of our 4G network to 58 percent of the population. In Palestine we performed exceptionally well, with our customer base up 5 percent and EBITDA increasing 23 percent due to various cost optimization initiatives.

Maldives continued to perform well, with a 4 percent increase in customer numbers, 2 percent increase in revenue and a 10 percent increase in EBITDA."



Sheikh Saud Bin Nasser Al-Thani

Review of operations

The Group's operational performance can be summarized as follows:

Ooredoo - Kuwait

Ooredoo's customer base in Kuwait increased to 2.5 million in H1 2019, up 6 percent compared to H1 2018. Revenues for H1 2019 were KD 114.1 million, compared to KD 127.6 million in H1 2018. EBITDA was strong, increasing to KD 36.0 million for H1 2019, compared to KD 24.3 million for H1 2018. The increase of 48 percent reflected good operational efficiencies across the business as well as a positive impact of the new IFRS 16 accounting standard.

Ooredoo - Tunisia

Ooredoo's customer base in Tunisia increased 5 percent to reach 8.8 million customers in H1 2019, compared to the same period in 2018. The Tunisian dinar depreciated by 20.8 percent year on year, leading to a decrease in revenues from KD 63.7 million in H1 2018 to KD 57.5 million in H1 2019. In local currency terms, revenues were up by 9 percent. EBITDA was KD 26.8 million in H1 2019 compared to KD 24.2 million in H1 2018.

Ooredoo - Algeria

Customer base in Algeria stood at 13.6



Financial Highlights:

	Quarterly Analysis			Half Year Analysis		
	Q2 2019	Q2 2018	% change	1H 2019	1H 2018	% change
Consolidated Revenue (KWD m)	156.1	166.8	-6%	310.4	341.4	-9%
EBITDA (KWD m)	57.3	52.3	10%	115.9	107.6	8%
EBITDA margin (%)	37%	31%	-	37%	32%	-
Net Profit attributable to NMTC (KWD m)	8.5	3.1	178%	17.3	12.2	42%
Consolidated Customers (m)	26.7	26.1	2%	26.7	26.1	2%

million in H1 2019. Business in Algeria was negatively impacted by the devaluation of the Algerian Dinar, weak economic environment and price competition. Revenues also decreased to KD 104.9 million in H1 2019, compared to KD 115.7 million in H1 2018. EBITDA was KD 38.3 million in H1 2019, down from KD 46.0 million in H1 2018. Algerian dinar depreciated by 2.6 percent year on year.

Ooredoo - Palestine

Customer base in Palestine increased by 5 percent to reach 1.3 million customers in H1 2019. Revenue decreased to KD 14.2 million in H1 2019, compared to KD 15.0

million in H1 2018. EBITDA was strong, increasing to KD 4.1 million in H1 2019 compared to KD 3.3 million in H1 2018, up by 23 percent compared to the same period in 2018.

Ooredoo - Maldives

Ooredoo Maldives reported a 2 percent increase in revenues to KD 19.7 million in H1 2019, compared to KD 19.2 million in H1 2018. EBITDA for H1 2019 was KD 10.9 million, an increase of 10 percent compared to KD 9.9 million for the same period in 2018. Ooredoo Maldives now serves a total of 447k customers, an increase of 4 percent compared to H1 2018.

US slaps record \$5bn fine on Facebook

WASHINGTON: Facebook Inc will pay a record-breaking \$5 billion fine to resolve a government probe into its privacy practices and the social media giant will restructure its approach to privacy, the US Federal Trade Commission said yesterday.

The FTC voted 3-2 along party lines to adopt the settlement, which requires court approval. Democrats opposed it, saying it did not go far enough or require a large enough fine.

"Despite repeated promises to its billions of users worldwide that they could control how personal information is shared Facebook undermined consumers' choices," FTC Chairman Joe Simons, a Republican, said in a statement. Democratic FTC Commissioner Rohit Chopra said the penalty provided "blanket immunity" for Facebook executives "and no real restraints on Facebook's business model" and does "not fix the core problems that led to these violations."

Facebook agreed to pay an additional \$100 million to settle allegations that it misled investors about the seriousness of the misuse of users' data, the Securities and Exchange Commission said yesterday. The FTC said that

Facebook's data policy was deceptive to "tens of millions" of people who used its facial recognition tool and also violated its rules against deceptive practices when it did not disclose phone numbers collected for a security feature would also be used for advertising. Under the settlement, Facebook's board will create an independent privacy committee that removes "unfettered control by Facebook CEO Mark Zuckerberg over decisions affecting user privacy."

Facebook also agreed to exercise greater oversight over third-party apps. Chopra and Democratic FTC Commissioner Rebecca Slaughter said the \$5 billion penalty may be less than Facebook's gains from violating users' privacy. "Until we address Facebook's core financial incentives for risking our personal privacy and national security, we will not be able to prevent these problems from happening again," Chopra said.

The FTC Republican majority argued the settlement "significantly diminishes Mr Zuckerberg's power-something no government agency, anywhere in the world, has thus far accomplished." The Republican commissioners led by Simons said if the FTC had gone to court "it is highly unlikely that any judge would have imposed a civil penalty even remotely close to this one."

They called the settlement-in light of what the FTC might have been able to win in a court fight-"a complete home run." The Republicans noted that Zuckerberg and other Facebook executives must sign quarterly certifications attesting to the company's privacy



SAN JOSE: In this file photo, Facebook CEO Mark Zuckerberg speaks during the annual F8 summit at the San Jose McEnery Convention Center in San Jose, California. — AFP

practices. The FTC said Zuckerberg or others filing a false certification could face civil and criminal penalties.

Facebook also is barred from asking for email passwords to other services when consumers sign up. It is barred from using telephone numbers obtained in a security feature, like two-factor authentication, for advertising and must get user consent to use data from facial recognition technology.

Facebook said the deal worked out with the FTC would give the company "a comprehensive new framework for protecting people's privacy," and that it expected to find additional problems as it initiates a review of its systems.

"Going forward, our approach to

privacy controls will parallel our approach to financial controls, with a rigorous design process and individual certifications intended to ensure that our controls are working - and that we find and fix them when they are not," Facebook General Counsel Colin Stretch said in a statement. Senator Richard Blumenthal, a Democrat from Connecticut, called the settlement "a fig leaf" that offers "no accountability for top executives."

"By relying on a monetary fine to deter Facebook, the FTC has failed to heed history's lessons. Facebook has already written this penalty down as a one-time-cost in return for the extraordinary profits reaped from a decade of data misuse," said Blumenthal. — Reuters

Boeing reports \$2.9bn loss in Q2, biggest quarterly loss ever

NEW YORK: Boeing reported a second-quarter loss of \$2.9 billion yesterday as the grounding of 737 MAX following two deadly crashes continues to weigh on the company. The loss, the biggest ever in a single quarter for the aerospace giant, follows last week's announcement that Boeing would set aside \$4.9 billion after taxes to compensate airlines for canceled flights and the delay in plane deliveries.

Revenues tumbled 35.1 percent to \$15.8 billion, reflecting the hit from a halt to deliveries of the 737 MAX, a top-selling plane. "This is a defining moment for Boeing and we remain focused on our enduring values of safety, quality, and integrity in all that we do as we work to safely return the 737 MAX to service," said chief executive Dennis Muilenburg.

The 737 MAX has been grounded since mid-March following the March 10 Ethiopian Airlines crash, the second of two crashes that together claimed 346 lives. Boeing is developing a software fix to address a problem with a flight handling system that was linked to both crashes.

Airlines have repeatedly pushed back their target dates for returning the jets to service as the regulatory timeframe has dragged on, most recently when the Federal Aviation Administration in June identified problems with microprocessor during simulator testing. "Disciplined development and testing is underway and we will submit the final software package to the FAA once we have satisfied all of their certification requirements," Boeing said. — AFP